

### **Follow-on Process**

- Background
- Approach
- Results

### **Risk Assessment Process**

- Background
- Criteria and Scores
- Results

# Follow-on Process - Background

- Internal audit findings are tracked to ensure that actions in response to audit findings have been implemented.
- Limited procedures are performed to verify the actions taken.
- Supporting documents are retained for audit purposes.

# Follow-on Process - Approach

- Depending on the resolution dates provided by management, auditors conduct procedures.
- The Audit Committee requested that specific dates be tracked:
  - Expected Resolution
  - Planned New Resolution
  - Closure Per Management
  - Closure Per Auditor
- The results are consolidated and reported.

# Risk Assessment Process - Background

- The annual internal audit plan is derived from a risk assessment.
- The assessment is done by major FRA function in the “auditable universe.”
- Within each function, professional judgment is used to assign a score to generally accepted criteria.
- The Audit Committee, Management, Division/Section Heads, the DOE Site Office and OIG are asked to provide input to the assessment.

# Risk Assessment Process – Criteria & Scores

- Within each major FRA function, scores are assigned to the following five criteria:
  - System Complexity/Transaction Volume (Impact)
  - Materiality (Impact)
  - Prior Audit Results (Impact)
  - Regulatory Involvement (Impact)
  - Potential for Unallowable Costs (Likelihood)

# Risk Assessment Process – Criteria & Scores

- The risk scores range from 1 (low risk) to 3 (high risk).
- The highest total score is 15 and the lowest is 5.
- The total score reflects the significance of an area.

# Risk Assessment Process – Results

- Example of Functional Area OQBP Score of 10:
  - System Complexity/Transaction Volume = 3
  - Financial Exposure/Materiality = 2
  - Prior Audit Results = 1
  - Regulatory Involvement = 3
  - Potential for Unallowable Costs = 1
- The resulting risk summary is a consolidation of scores by functional area.